

RHODE ISLAND PUBLIC TRANSIT AUTHORITY

BOARD OF DIRECTORS

MINUTES OF JANUARY 31, 2005 MEETING

Board Members Present: Robert Batting (Vice-Chair), RIDOT Director James Capaldi, William Kennedy, Thomas Deller, and Sharon Conard-Wells.

Also Present: Alfred J. Moscola (General Manager), Steven M. Richard (General Counsel), Andrew Prescott, (Labor Counsel), Henry Kinch, Deborah Dawson, Maureen Neira, Mark Therrien, Ellen Farrell and other members of RIPTA's senior staff and the public whose names are listed on the meeting sign-in sheet.

Mr. Batting brought up the matter of electing a Board Chair and suggested that the matter be placed on the agenda at the next meeting. Mr. Richard advised the Board that in accordance with the by-laws, RIPTA should elect its officers annually at its April meeting. Mr. Richard suggested that Mr. Batting chair the meetings as Vice-Chair until the elections in April.

Agenda Item 1: Approval of Minutes of December 20, 2004 Meeting

Mr. Batting requested any comments regarding the minutes of the December 20, 2004 meeting. Hearing none, a motion was made for the approval of the minutes of the December 20, 2004 meeting by Mr. Deller, seconded by Ms. Conard-Wells. The Board unanimously approved the minutes.

Agenda Item 2: General Manager's Report

Mr. Moscola advised the Board that the operational performance in relation to the goals was strong during the month of November, but cautioned that the performance reports for December and January would not be as strong due to the weather conditions, which he advised the Board is extremely common in the transit industry.

Mr. Moscola thanked everyone who worked during the recent snowstorm indicating that RIPTA personnel pitched in and worked together. He reported to the Board that approximately 100 people were moved on Sunday, during the blizzard, and that the biggest challenge encountered was keeping Kennedy Plaza clean of snow and ice. He acknowledged that Mayor Cicciline assisted by having the snow removed from the Plaza, stating that RIPTA "moved the snow and the City removed the snow with trucks." He advised the Board that there were 17 Ride vans on the road on Monday, transporting critical medically necessary clients. Mr. Kennedy thanked everyone at RIPTA for the fine job during the blizzard. Mr. Batting stated that he saw RIPTA on the news quite a bit during the

blizzard, and commended Director Capaldi for the fine job on keeping the roads clear.

Agenda Item 3: Fare Increases

Mr. Batting requested comments from the Board members regarding the proposal for fare increases.

Mr. Kennedy stated that he has mixed emotions on this issue and recognized that RIPTA needs increased revenues. He expressed his strong concern that the increases hurt the wrong people. He stated that the burden should not be placed on those who can least afford it, and that the State should support RIPTA and decide if it wants a full transit system. If so, the State needs to fund public transit. He believes this rate increase is a band-aid approach to a big problem that will continue. Mr. Kennedy therefore stated that he would vote against the proposed fare increases.

Mr. Deller stated that he would vote for the increase today, but will not do so again in the future, emphasizing that a study is needed to find funding to support RIPTA. He further stated that the Board is placed in a difficult position and that if the current trend continues, RIPTA will cease to exist. He discussed the significant improvements made to the system and stated that State must step up to find funding or there will be no option but to cut the system down to a size that is

affordable. He indicated that the Board is being forced to take actions that are outside of their control.

Mr. Batting asked how much the fare increase will yield. Mr. Moscola responded that the increase is expected to yield approximately \$183,000 for the 5 remaining months of FY 05 and \$550,000 for FY 06. Mr. Batting indicated that the amounts cited are small in relation to the total deficit and stated that he considers the revenue received to support the RITE Care transportation as a state subsidy. Mr. Deller stated his disagreement with that characterization, indicating that people must pay to use the transit system, and that if the state decides that people need to ride, someone has to pay. He disagrees that the RITE Care program is a state subsidy, stating that it represents ridership and revenue, and he considers it the purchase of a service.

Mr. Kennedy reiterated the need for support from the Governor and the legislators, stating that every time fares are increased, riders are lost and fiscal problems still exist. Mr. Kennedy warned that RIPTA will be facing the same difficult issues next year.

Mr. Batting indicated that the dialog was excellent and requested that RIPTA staff refine the fiscal issues for further evaluation by the Board.

Mr. Kennedy commended Mr. Moscola for his hard work and for

maintaining the budget under very difficult circumstances. He urged the Board to recognize that the General Manager cannot do it alone and needs strong support from the Board.

A roll call vote was taken to approve the fare increases as presented. All members voted affirmatively for the increase except for Mr. Kennedy who opposed the proposal.

Agenda Item 4: FY 06 Budget Update

Maureen Neira reviewed with the Board the current status of the FY 06 Budget, indicating that a meeting was held with the Governor's staff and that RIPTA had reviewed several line items and made adjustments bringing the original deficit of \$7.7M down to \$4.1M. There were several items included in reducing the projected deficit, including budgeting a 10% co-pay from all employees for health insurance premiums. Mr. Kennedy asked if this co-pay has been negotiated with the Unions. Mr. Moscola responded that non-represented employees are currently paying 5% and scheduled to increase to 10% in July 2005, but the Union co-pay has not yet been negotiated and the contract with the large bargaining unit, ATU Division 618 does not expire until December 31, 2005. Director Capaldi asked if the language in the current contracts binds the benefits to the State and Mr. Moscola responded that the current

language does. Director Capaldi stated that the Board understands that RIPTA employees co-paying for benefits is contingent upon the outcome of the State's negotiations.

Mr. Moscola reminded the Board that fuel continues to be a problem in the budget. He stated that the current budget (FY 05) has a per gallon price of \$1.41 budgeted and RIPTA is currently paying \$1.87 per gallon. He further advised the Board that prices are not coming down, and that the FY 06 preliminary budget has a per gallon price of \$1.80. Director Capaldi stated that he understands the fuel problem and has the same problem at RIDOT.

Director Capaldi supported RITE Care Pass program and recognizes it as revenue. Mr. Moscola agreed with Director Capaldi, but further indicated that the only problem with the RITE Care Program at the present time is that RIPTA has not been distributing the number of passes that RITE Care had estimated which results in less revenue than budgeted for RIPTA.

Mr. Deller asked if RIPTA should lower the number budgeted for RITE Care revenue, and suggested that conservative figures should be used when preparing the budget. Mr. Moscola explained that with all budget numbers, when RIPTA meets with representatives from the Budget Office, every item must be justified with documentation and items will not be approved if the numbers are too high and unsupported.

Both Ms. Conard-Wells and Mr. Deller suggested that staff should work on ideas to resolve the budget situation and report back to the Board in a work session. Director Capaldi indicated that when this meeting takes place, a list of controllable vs. uncontrollable costs be included to ensure that the Board clearly understands which budget items are problematic and outside of staff's control. Director Capaldi stated that he is willing to attend a meeting with the Governor and/or his representatives to support RIPTA.

Mr. Moscola stated that there are several items that are outside of RIPTA's control citing such items as fuel, ADA costs, and interest arbitration costs. He informed the Board that he carefully scrutinizes each and every purchase and that the staff has worked to remain within the budgetary constraints. Over the past several years, RIPTA has worked very hard and has made great strides improving the service. He pointed out to the Board that RIPTA must work hard to keep the service at that level and that it doesn't take too long if you don't pay attention, to lose what has been accomplished. He stated that he will never compromise safety and reliability of the fleet. Mr. Moscola indicated that his hands are tied if he is being told to run the system as it exists today with \$4M less in his budget. Mr. Moscola stated that the problems will continue in future years if the matter is not resolved and appreciates the help RIPTA has received from the Governor.

Ms. Conard-Wells stated that the Board would like to hear from Staff regarding problematic issues in the budget citing the RITE Care pass projections, as one example. Mr. Moscola stated that his goal is to continue to improve the delivery of the service.

Mr. Batting recognized Mr. Henry Kinch from the audience who reminded the Board that the RIPEC report forecast this economic crisis in light of the fact that the two primary revenue streams are static. Mr. Moscola added that the gas tax is insufficient to fund RIPTA at the current rate. He indicated that he would have Staff work on a presentation to the Board relating to the issues discussed.

Mr. Batting instructed the Board that if they have questions, they are to forward such to Mr. Moscola so that the issues the Board wants to hear about are addressed.

Agenda Item 5: FFY 2006-2007 Transportation Improvement Program

AnnMarie McMahon advised the Board that projects proposed under the Transportation Improvement Program (TIP) must be submitted by Friday, February 4, 2005. She indicated that vehicles (revenue and non-revenue) were the biggest priority and that the second priority was programs that support initiatives to protect federal assets. The Board was informed that money for items such as overhead doors, window replacement, and heating units are included in this year's request which is a first for RIPTA.

Ms. Conard-Wells asked if there is any Homeland Security money available for projects at RIPTA, and Mr. Moscola responded that there is none at the present time. Mr. Moscola, AnnMarie McMahon and Mark Therrien will be attending a meeting in Washington in the near future and will inquire if there are any sources of available federal assistance.

Agenda Item 6: Public Comment Period

Mr. Batting requested public comments, and Almas Kalafian requested the opportunity to speak.

Ms. Kalafian stated that although her comments on the fare increase are late, she still wished to make them. She indicated that she spent over \$1,000 last year on ADA rides and attempts to plan her trips carefully and efficiently so she does not tie up the van for a long period of time. With the new fare increases, Ms. Kalafian stated that it would be less expensive for her to use a taxi than it will cost for using a RIDE van.

Ms. Kalafian stated that the purpose of her comments today is to urge the Board to consider reinstating a two-zone system.

Agenda Item 7: Adjournment

Director Capaldi moved to adjourn the meeting, which Mr. Kennedy seconded. The motion passed unanimously.

Respectfully submitted,

Ellen Farrell

Secretary to the Board